

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 16, 2009
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
MORTGAGE CREDIT CERTIFICATE PROGRAM

Prepared by: Sarah Lester

Applicant: Housing Authority of the County of Santa Cruz

Contact Information:

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Allocation Amount Requested: \$1,751,135 **Converted MCC Authority:** \$437,784

Applicant's Fair Share Amount: \$1,751,135 **Converted MCC Authority:** \$437,784

Participating Jurisdictions:

Cities of Sanata Cruz, Capitola, Scotts Valley, Watsonville and the County of Santa Cruz

Allocation Information:

Date MCCs will be advertised: October 10, 2009
Expected issue date of first MCC: January 11, 2010
Program Status: Existing
Certificate tax credit rate: 20%

Type of housing units to be assisted/average mortgage amount:

New construction units: 4 units (50%) with an average mortgage amount of \$230,440
Existing resale units: 4 units (50%) with an average mortgage amount of \$294,098
Rehabilitated units: 0 units (0%) with an average mortgage amount of \$000,000
Total units: 8 units with and average mortgage amount of \$262,269

The above numbers of units are: Estimates
 Actual requirements imposed by the Issuer

Past Performance:

The application indicates the applicant met the 2008 minimum performance requirement that at least **40%** of the program participants are lower-income households or located in a Qualified Census Tract.

The application indicates the applicant expects to meet the 2009 minimum performance requirement that at least **40%** of program participants will be lower-income households.

Recommendation:

Because there is sufficient allocation available to fund all December 16 allocation requests, staff recommends that the Committee waive the fairshare allocation cap.

Staff recomends that the Committee approve an amount of \$1,751,135 in tax-exempt bond allocation to the Housing Authority of the County of Santa Cruz for the Mortgage Credit Certificate Program on a carryforward basis.

DESCRIPTION OF PROPOSED PROGRAM:

- **Population to be served by the proposed Program (family size, income levels, etc.):**
According to the Applicant, based on past participation 37.5% of participants were Latino and 62.5% were white with an average family size of two (2) persons per household. The average income was 90% of median. The Applicant states that lower income families were able to access MCCs in part due to changes in the housing market, as well as the construction of new price restricted units in the City of Watsonville. The Applicant states that they expect the future allocation demographics will be similar to this.
- **Estimated number of first-time homebuyers to be assisted:** 8
- **Housing stock to be purchased (types, unit sizes, etc):**
According to the Applicant, the housing stock to be purchased will consist of new and existing condominiums, townhomes and mobile home stock. Unit types will consist of studios to three-bedroom units with sizes ranging from 505 to 1,700 square feet. The purchase prices will range from \$145,000 to \$387,992.
- **Specific reservations of MCCs for purposes such as low-income targeting, new construction, etc.:**
According to the Applicant, 40% of the MCCs will be utilized to assist families with incomes at or below 80% of the area median income adjusted for family size.
- **Expected duration MCCs will be available and anticipated monthly rate of issuance.:**
According to the Applicant, MCCs are expected to be available for 24 months and the anticipated monthly rate of issuance is 1 MCC every other month.
- **Other homebuyers assistance programs offered by participating jurisdiction(s):**
According to the Applicant, first time homebuyer programs are available in the Cities of Capitola, Santa Cruz, Scotts Valley, Watsonville, and in unincorporated areas of the County of Santa Cruz. These programs make available silent second mortgages to qualified families. Inclusionary housing programs such as the City of Watsonville Affordable Housing Program, Measure J in the County, Measure O in the City of Santa Cruz, and the City of Scotts Valley Affordable Housing Program make restricted-price units available to qualified buyers. The price-restricted units when combined with the jurisdictions first time homebuyer assistance programs and MCCs make homeownership attainable to lower income purchasers.
- **Additional features unique to the proposed Program:**
None indicated.

PURCHASE PRICE INFORMATION:

The proposed maximum limits are:

Unit Type	Average Area Purchase Price*	Non-Target Area Max Purchase Price	Target Area Max Purchase Price
New Units	\$637,645	\$573,881	N/A
Existing Units	\$637,645	\$573,881	N/A

*This is established by (check one):
 IRS Safe Harbor limitations
 As determined by special survey
 Cal HFA Sales Price limits (High Cost Area only)

Expected average sales prices of the estimated units to be assisted:

New Units	\$230,440
Existing Units	\$294,098
Rehabilitated Units	N/A

MAXIMUM INCOME LIMITATIONS:

Area median income on which maximum program limits are based: \$83,800

Applicable standard that defines the area median income:

HUD statewide median HUD county MSA median

Local median as determined by a special study

Percent of MCCs reserved for IRS-designated target areas in the jurisdiction(s): 0%

Proposed maximum income limits:

<u>Household Size</u>	<u>Non-Target Area</u>	<u>Target Area</u>
1-2 persons	\$83,800	N/A
3+ persons	\$96,370	N/A
		0

DESCRIPTION OF PUBLIC BENEFITS:

Past Program Performance:

<u>Year</u>	<u>Amount of Allocation</u>	<u>Amount of Allocation Used</u>	<u>Number of MCCs Issued</u>	<u>Outstanding MCC Authority</u>
2006	\$1,767,437	\$1,723,721	10	\$ 10,929
2007	\$984,764	\$784,859	5	\$ 49,976
2008	\$1,753,235	\$1,710,621	9	\$ 10,654

Pursuant to CDLAC Procedures Section 18.I.E.1.,2., the Applicant has:

- 1 Demonstrated that no Mortgage Credit Certificate authority from the year two years prior to the current year has been unused (other than minor amounts not to exceed \$1 million); and
- 2 Certified that any Mortgage Credit Certificate authority remaining from the year prior to the current year will be used before the use of new Mortgage Credit Certificate Authority.